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WEST ALLEN PARISH WATER DISTRICT  
Reeves, Louisiana

ANNUAL FINANCIAL REPORT  
AND INDEPENDENT AUDITORS' REPORTS

Year Ended December 31, 2001

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3/13/02

GRAGSON, CASIDAY & GUILLORY, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS

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**GRAGSON, CASIDAY & GUILLORY, L.L.P.**  
CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

January 30, 2002

Board of Commissioners  
West Allen Parish Water District  
Reeves, Louisiana

We have audited the accompanying general purpose financial statements of the West Allen Parish Water District, a component unit of the Allen Parish Police Jury, as of and for the year ended December 31, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the West Allen Parish Water District management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the West Allen Parish Water District as of December 31, 2001, and the results of its operations and the cash flows of its proprietary fund for the year then ended in conformity with auditing standards generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The Statement of Revenues, Expenses and Changes in Retained Earnings-Budget and Actual is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated January 30, 2002 on our consideration of West Allen Parish Water District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Gragson, Casiday & Guillory*

WEST ALLEN PARISH WATER DISTRICT  
Combined Balance Sheet - All Fund Types and Account Groups

December 31, 2001

	Proprietary Fund Type	
	Enterprise	
	<u>2001</u>	<u>2000</u>
ASSETS		
Cash	\$ 332,961	\$ 436,849
Receivables		
Accounts	15,499	13,825
Interest	828	2,141
Prepaid insurance	2,336	2,336
Restricted assets		
Bond sinking fund		
Cash	24,778	24,878
Bond reserve fund		
Cash	33,234	34,234
Interest receivable	306	310
Bond contingency fund		
Cash	23,883	21,277
Interest receivable	123	153
Customer deposits		
Cash	12,444	12,204
Fixed assets (net)	1,064,903	1,008,772
Bond issue cost (net)	<u>6,242</u>	<u>6,555</u>
 TOTAL ASSETS	 \$ 1,517,537	 \$ 1,563,534

The accompanying notes are an integral part of these financial statements.

Continued

# WEST ALLEN PARISH WATER DISTRICT

## Combined Balance Sheet - All Fund Types and Account Groups (Continued)

December 31, 2001

	Proprietary Fund Type	
	Enterprise	
	<u>2001</u>	<u>2000</u>
<b>LIABILITIES AND FUND EQUITY</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 3,927	\$ 4,410
Payable from restricted assets		
Revenue bonds	12,000	12,000
Accrued interest	15,687	16,179
Customer deposits	12,444	11,469
Revenue bonds payable	<u>371,000</u>	<u>383,000</u>
<b>TOTAL LIABILITIES</b>	<u>415,058</u>	<u>427,058</u>
<b>FUND EQUITY</b>		
Contributed capital	459,771	456,171
Retained earnings		
Reserve for debt service	54,637	52,673
Unreserved-undesignated	<u>588,071</u>	<u>627,632</u>
<b>TOTAL FUND EQUITY</b>	<u>1,102,479</u>	<u>1,136,476</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 1,517,537</u>	<u>\$ 1,563,534</u>

The accompanying notes are an integral part of these financial statements.



# WEST ALLEN PARISH WATER DISTRICT

## Statement of Revenues, Expenses and Changes in Retained Earnings - Proprietary Fund Type

Year Ended December 31, 2001

	<u>2001</u>	<u>2000</u>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 161,516	\$ 161,477
Miscellaneous revenue	<u>5,703</u>	<u>4,529</u>
<b>TOTAL OPERATING REVENUES</b>	<u>167,219</u>	<u>166,006</u>
<b>OPERATING EXPENSES</b>		
Advertising	866	660
Amortization	313	313
Bank charges	96	161
Depreciation	48,998	48,238
Dues	210	195
Insurance - general	11,805	11,702
Insurance - health	3,600	3,600
Miscellaneous	1,400	2,863
Office	2,979	2,121
Per diem	5,880	4,680
Postage	2,483	2,325
Professional fees	2,535	2,000
Retirement	3,139	3,020
Salaries	62,063	55,366
Supplies and maintenance	42,825	15,699
Taxes and licenses	2,267	1,764
Training	1,088	474
Transportation	6,125	4,118
Utilities	<u>8,600</u>	<u>5,177</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>207,272</u>	<u>164,476</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(40,053)</u>	<u>1,530</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest income	21,714	23,454
Interest expense	<u>(19,258)</u>	<u>(19,849)</u>
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>2,456</u>	<u>3,605</u>
<b>NET INCOME (LOSS)</b>	<u>(37,597)</u>	<u>5,135</u>
<b>RETAINED EARNINGS - BEGINNING</b>	<u>680,305</u>	<u>675,170</u>
<b>RETAINED EARNINGS - ENDING</b>	<u>\$ 642,708</u>	<u>\$ 680,305</u>

The accompanying notes are an integral part of these financial statements.

**WEST ALLEN PARISH WATER DISTRICT**  
**Statement of Cash Flows - Proprietary Fund Type**

Year Ended December 31, 2001

	<u>2001</u>	<u>2000</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (40,053)	\$ 1,530
Adjustments to reconcile operating income to net cash provided by operating activities		
Amortization	313	313
Depreciation	48,998	48,238
(Increase) decrease in		
Accounts receivable	(1,674)	1,123
Interest receivable	1,347	(567)
Increase (decrease) in		
Accounts payable	(483)	849
Rent deposits	975	649
Accrued interest payable	(492)	(450)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>8,931</u>	<u>51,685</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Contributions from customers	3,600	3,075
Purchase of fixed assets	(105,129)	(17,897)
Principal paid on revenue bonds	(12,000)	(11,000)
Interest paid on revenue bonds	(19,258)	(19,849)
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(132,787)</u>	<u>(45,671)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of cash investments	60,129	-
Purchase of cash investments	-	(21,659)
Interest on investments	21,714	23,454
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<u>81,843</u>	<u>1,795</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(42,013)</u>	<u>7,809</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>103,887</u>	<u>96,078</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 61,874</u>	<u>\$ 103,887</u>
<b>SUPPLEMENTAL DISCLOSURES:</b>		
Cash paid for interest	\$ 19,750	\$ 20,850
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO TOTAL CASH</b>		
Cash and cash equivalents	\$ 61,874	\$ 103,887
Non-cash equivalents	365,426	425,555
<b>Total Cash</b>	<u>\$ 427,300</u>	<u>\$ 529,442</u>

The accompanying notes are an integral part of these financial statements.

GRAGSON, CASIDAY & GUILLORY, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS



# WEST ALLEN PARISH WATER DISTRICT

## Notes to Financial Statements

December 31, 2001

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The West Allen Parish Water District was created by the Allen Parish Police Jury under the provisions of Louisiana Revised Statutes 33:3811 for the purpose of providing water to the rural area of West Allen Parish. The District is governed by a board of commissioners composed of seven members, five appointed by the Allen Parish Police Jury and two appointed by the Village of Reeves, LA.

The financial statements of the West Allen Parish Water District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

#### 1. Reporting Entity

As the governing authority of the parish, for reporting purposes, the Allen Parish Police Jury is the financial reporting entity for West Allen Parish Water District. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Allen Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the police jury to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.

Continued

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints a voting majority to the board and has the ability to impose its will, the District was determined to be a component unit of the Allen Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by the governmental unit, or the other governmental units that comprise the financial reporting entity.

2. Fund Accounting

The West Allen Parish Water District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The following funds and account groups are used by the District:

Proprietary Fund Type:

Enterprise Fund-

The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs (expenses, including depreciation) of providing water services to the general public on a continuing basis is financed through user charges.

Continued

# WEST ALLEN PARISH WATER DISTRICT

## Notes to Financial Statements

December 31, 2001

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

#### 3. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All proprietary funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The government applies all applicable FASB pronouncements issued after November 30, 1989 in accounting and reporting for its proprietary operations.

#### 4. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

#### 5. Accounts Receivable

Uncollectible amounts due for accounts receivable are recognized as bad debts using the direct write-off method. Uncollectible amounts are recognized as bad debts at the time information becomes available which would indicate that the particular receivable is not collectible. This method does not result in a charge to bad debts that is materially different from the amount that would be charged if the reserve method were used.

Continued

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

6. Fixed Assets

All fixed assets are valued at historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation of each class of depreciable property is computed using the straight-line method. Estimated useful lives are as follows:

Distribution system	50 years
Office and shop building	10-15 years
Equipment	5-7 years

7. Compensated Absences

The District has the following policy relating to vacation and sick leave:

Vacation - One week after 1 year of service,  
- Two weeks after 2 years of service,  
- Three weeks after 10 years of service,  
- Four weeks after 15 years of service,

Sick Leave - 10 days per year,  
- Maximum of 30 days may be carried over to the next year.

The District's recognition and measurement criteria for compensated absences follows:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

- The employees' rights to receive compensation are attributable to services already rendered.
- It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

Continued



# WEST ALLEN PARISH WATER DISTRICT

## Notes to Financial Statements

December 31, 2001

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

GASB Statement No. 16 also provides that a liability for sick leave should be accrued using one of the following termination approaches:

- a. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
- b. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

At December 31, 2001, the District did not have an accrual for compensated absences.

#### 8. Statement of Cash Flow

For purpose of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less when purchased to be cash equivalents. The statement reflects ending cash and cash equivalents of \$61,874 which represents unrestricted and restricted amounts of \$18,613 and \$43,261, respectively.

#### 9. Budgets

An enterprise fund budget is adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end.

On or before the last meeting of each year, the budget is prepared by function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the government's Board of Commissioners for review. The board holds a public hearing and may add to, subtract from or change appropriations, but may not change the form of the budget.

Expenditures may not legally exceed budgeted appropriations at the activity level.

Continued

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

10. Fund Equity

Contributed Capital-

Customers revenues received that are restricted for the acquisition or construction of capital assets are recorded as contributed capital. Contributed capital is not amortized.

Reserves-

Reserves represent those portions of fund equity legally segregated for a specific future use.

11. Bond Issue Cost

Revenue bond issuance costs for the proprietary fund type are deferred and is being amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Amortization expense is \$313 for the year ended December 31, 2001.

12. Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the government's financial position and operations.

NOTE B - CASH DEPOSITS

At December 31, 2001, the District has cash balances (book balances) totaling \$427,150 as follows:

Demand deposits	\$ 30,907
Interest-bearing demand deposits	30,817
Time deposits	<u>365,426</u>
Total	<u>\$ 427,150</u>

Continued



WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2001

NOTE B - CASH DEPOSITS - CONTINUED

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2001, the District has \$431,201 in deposits (collected bank balances). These deposits are secured from risk by \$134,957 of federal deposit insurance and \$296,244 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

NOTE C - FIXED ASSETS

A summary of changes in proprietary fund fixed assets for the year ended December 31, 2001 are as follows:

	Fixed Assets		
	Beginning of Year	Net Additions	End of Year
Distribution system	\$ 1,507,011	\$ -	\$ 1,507,011
Office and shop building	35,526	99,768	135,294
Equipment	124,925	5,361	130,286
Land	16,122	-	16,122
	1,683,584	\$ 105,129	1,788,713
Less accumulated depreciation	674,812		723,810
TOTALS	\$ 1,008,772		\$ 1,064,903

Depreciation expense was \$48,998 for the year ended December 31, 2001.

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2001

NOTE D - LONG-TERM DEBT

A. Debt Outstanding

The following is a summary of bond transactions of the District for the year ended December 31, 2001.

	<u>Revenue</u>
Bonds payable, Beginning	\$ 395,000
Bonds retired	<u>12,000</u>
Bonds payable, Ending	<u>\$ 383,000</u>

Bonds payable at December 31, 2001 are comprised of the following individual issues:

Revenue bond

\$538,000 Utility Revenue Bonds dated 3/7/80; due in annual installments of \$11,000 - \$29,000 through March 7, 2020; interest at 5.0%	<u>\$ 383,000</u>
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B. Debt Service Requirements

The annual requirements for the next five years to amortize all debts outstanding as of December 31, 2001, including interest payments are as follows:

<u>Year Ending December 31,</u>	<u>Revenue</u>
2002	\$ 31,150
2003	31,550
2004	31,900
2005	31,200
2006	31,500

# WEST ALLEN PARISH WATER DISTRICT

## Notes to Financial Statements

December 31, 2001

### NOTE E - COMPONENTS OF RESTRICTED ASSETS

Enterprise Fund:

	<u>Revenue Bond Sinking</u>	<u>Revenue Bond Reserve</u>	<u>Revenue Bond Contingency</u>	<u>Customer Deposits</u>	<u>Totals</u>
Cash and interest receivable	\$ 24,778	\$ 33,540	\$ 24,006	\$ 12,444	\$ 94,768

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The "bond sinking" account is used to segregate resources accumulated for debt service payments over the next twelve months. The "bond reserve" account is used to report resources set aside to make up potential future deficiencies in the revenue bond current debt service account. The "bond contingency" account is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements.

The amount of retained earnings reserved for revenue bond retirement is detailed as follows:

Restricted assets: revenue bond sinking, reserve and contingency funds	\$ 82,324
Less:	
Current maturities of revenue bonds, payable from restricted assets	12,000
Accrued interest, payable from restricted assets	<u>15,687</u>
Retained earnings reserved	\$ 54,637

### NOTE F - CONTRIBUTED CAPITAL

During the year, contributed capital changed by the following amount:

Contribution from Customers	\$ 3,600
Contributed Capital, Beginning	<u>456,171</u>
Contributed Capital, Ending	\$ 459,771

# WEST ALLEN PARISH WATER DISTRICT

## Notes to Financial Statements

December 31, 2001

### NOTE G - RETIREMENT COMMITMENTS

The District contributed to a pension plan through the National Rural Water Association (NRWA) for all eligible employees through September 20, 1999. On September 20, 1999 NRWA discontinued sponsorship of the plan and the District terminated the plan on that date. The District approved continued contributions to individual retirement accounts of all previously eligible employees as defined under the terminated plan. These contributions are on-behalf payments to which the District is not legally responsible. Total payroll for the District was \$62,063 and total payroll for covered employees was \$44,838.

Covered employees may contribute up to 10.0% of their total compensation. The District may contribute up to 7.0% of total compensation. Total contributions made by the District and employees were \$3,139 and \$1,345, respectively.

Eligibility requirements consist of minimum age of 21, twelve months of service and 1,000 hours worked. Participants are immediately fully vested.

### NOTE H - PER DIEM

In accordance with Louisiana Revised Statute 33:3819, per diem is allowed not to exceed \$60 per meeting attended, up to twenty-four regular meetings and twelve special meetings. The Board has approved per diem at \$60.

Per diem paid commissioners for the year ended December 31, 2001 were as follows:

Airhart, Russell	\$ 60
Butts, Wayne	900
Hoffpauir, Billie M.	960
Reeves, Martha	840
Savole, Jimmy	1,020
Shirley, Opalee	60
Taylor, Clyde	780
Thigpen, Carl	300
Thombley, Kitty	<u>960</u>
	<u>\$ 5,880</u>

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2001

NOTE I - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.



# WEST ALLEN PARISH WATER DISTRICT

## Statement of Revenues, Expenses and Changes in Retained Earnings - Budget and Actual - Proprietary Fund Type

Year Ended December 31, 2001

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
OPERATING REVENUES			
Charges for services	\$ 153,000	\$ 161,516	\$ 8,516
Miscellaneous revenue	<u>7,500</u>	<u>5,703</u>	<u>(1,797)</u>
TOTAL OPERATING REVENUES	<u>160,500</u>	<u>167,219</u>	<u>6,719</u>
OPERATING EXPENSES			
Advertising	1,000	866	134
Amortization	-	313	(313)
Bank charges	-	96	(96)
Depreciation	35,000	48,998	(13,998)
Dues	200	210	(10)
Insurance - general	12,000	11,805	195
Insurance - health	3,600	3,600	-
Miscellaneous	1,000	1,400	(400)
Office	3,000	2,979	21
Per diem	6,480	5,880	600
Postage	2,500	2,483	17
Professional fees	2,700	2,535	165
Retirement	3,000	3,139	(139)
Salaries	58,520	62,063	(3,543)
Supplies	16,700	42,825	(26,125)
Taxes	100	2,267	(2,167)
Training	1,000	1,088	(88)
Transportation	4,200	6,125	(1,925)
Utilities	<u>5,500</u>	<u>8,600</u>	<u>(3,100)</u>
TOTAL OPERATING EXPENSES	<u>156,500</u>	<u>207,272</u>	<u>(50,772)</u>
OPERATING INCOME (LOSS)	<u>4,000</u>	<u>(40,053)</u>	<u>(44,053)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest income	20,000	21,714	1,714
Interest expense	<u>(24,000)</u>	<u>(19,258)</u>	<u>4,742</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(4,000)</u>	<u>2,456</u>	<u>6,456</u>
NET INCOME (LOSS)	-	(37,597)	(37,597)
RETAINED EARNINGS - BEGINNING	<u>680,305</u>	<u>680,305</u>	<u>-</u>
RETAINED EARNINGS - ENDING	<u>\$ 680,305</u>	<u>\$ 642,708</u>	<u>\$ (37,597)</u>

GRAGSON, CASIDAY & GUILLORY, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS





**GRAGSON, CASIDAY & GUILLORY, L.L.P.**  
CERTIFIED PUBLIC ACCOUNTANTS

W. GEORGE GRAGSON, C.P.A.  
RICHARD W. CASIDAY, C.P.A.  
RAYMOND GUILLORY, JR., C.P.A.  
GRAHAM A. PORTUS, E.A.  
COY T. VINCENT, C.P.A.

JULIA W. PORTUS, C.P.A.  
MICHELLE BOURNE, C.P.A.  
PAIGE F. BROWNE, C.P.A.  
DAWN REDD, C.P.A.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF  
GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

January 30, 2002

Board of Commissioners  
West Allen Parish Water District  
Reeves, Louisiana

We have audited the financial statements of the West Allen Parish Water District, as of and for the year ended December 31, 2001, and have issued our report thereon dated January 30, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether West Allen Parish Water District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item 2001-01.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered West Allen Parish Water District's internal control structure over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Board of Commissioners  
West Allen Parish Water District  
Page Two

This report is intended solely for the information and use of management, and the Board of Commissioners and is not intended to be and should not be used by anyone other than these specified parties.

*Gragson, Casiday & Guillory*

WEST ALLEN PARISH WATER DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
AND CORRECTIVE ACTION PLAN

Year Ended December 31, 2001

Finding #2001-01:

Condition - The District failed to comply with Louisiana Revised Statute 42:1101-1124 which states no public servant shall enter into a contract or other transaction with the agency of such public servant. A board member provided services for the District and received compensation.

Criteria - The District shall not enter into any contract or transaction with a board member.

Effect - Prohibited transaction of \$510.

Cause - Low level of internal control.

Recommendation - The District should refrain from entering into such transactions. Strengthening of internal controls should be implemented.

Response and Corrective Action Plan - We agree with the finding. We were unaware of the compliance requirement; especially with the small dollar amount of the transaction. Internal controls will be strengthened to insure compliance in the future.